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## Viewing cable 09PORTAUPRINCE583, HAITIAN PRESIDENT'S DECISION ON MINIMUM WAGE LAW

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### Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

### Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g.

**#09PORTAUPRINCE583.**

Reference ID	Created	Released	Classification	Origin
<a href="#">09PORTAUPRINCE583</a>	<a href="#">2009-06-17 19:26</a>	<a href="#">2011-08-30 01:44</a>	<a href="#">CONFIDENTIAL</a>	<a href="#">Embassy Port Au Prince</a>

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SUBJECT: HAITIAN PRESIDENT'S DECISION ON MINIMUM WAGE LAW

Classified By: Charge d'Affaires Thomas C. Tighe  
for Reasons 1.4 (a,d).

¶1. (SBU) Summary: Haitian President Rene Preval, after intensive discussion with private sector and parliamentary representatives, plans to return the minimum wage law to Parliament with a proposal to modify the bill with a phased-in wage increase for the assembly sector. A 200 Haitian gourde (HTG) minimum salary would be applied to the local commercial and non-textile industrial sectors. The minimum wage law author expressed dissatisfaction with Preval's decision and is not convinced that the wage increase proposed in the bill, as currently written, would significantly damage economic growth or force job cuts. End Summary.

¶2. (SBU) Following several days of meetings at the National Palace, President Rene Preval reached a compromise with industry representatives and some members of Parliament that would avoid a blow to the assembly/textile sector in Haiti. Industry representatives, led by the Association of Haitian Industry (ADIH), objected to the immediate HTG 130 (USD 3.25) per day wage increase in the assembly sector, saying it would devastate the industry and negatively impact the benefits of the Haitian Hemispheric through Opportunity Partnership Encouragement Act (HOPE II). Recent ADIH and USAID funded studies on the impact of near tripling of the minimum wage on the textile sector found that an HTG 200 Haitian gourde minimum wage would make the sector economically unviable and consequently force factories to shut down.

¶3. (C) President Preval is expected to return the bill to Parliament with objections on June 17 or 18. Preval's Economic Advisor Gabriel Verret (protect) told Embassy representatives on June 13 that Preval had brokered a deal with Parliament members. ADIH President Georges Sassine told Econ/Poloff June 16 that Preval would propose the following modifications to the bill, applicable to the assembly sector only: an increase of from HTG 70 to HTG 100 in October 2009, a further increase to HTG 125 by October 2010 and then to HTG 150 by October 2011 (Note: Preval reportedly discussed with industry representatives possible measures the government could take to help absorb other costs of production, such as by subsidizing electricity (i.e., providing uninterrupted electricity from 0600 to 1800) and subsidizing taxes on diesel fuel. (Note: many factories, for lack of outside electricity, are forced to provide their own using diesel generators. End note.) It is unclear whether these measures would be offered if the phased-in wage increases were enacted into law. End note)

¶4. (C) A majority of Haitian private sector representatives support enactment of the law in October, based on reports that wages in the Dominican Republic and Nicaragua (competitors in the garment industry) will increase also. ADIH member and factory owner Clifford Apaid told Econ/Poloff June 8 that Haitian Chamber of Commerce President Reginald Boulos said he supports immediate implementation of the wage increase to HTG 200 for the commercial and industrial sectors and a phased-in increase for the textile sector. Some members of the commercial and non-textile industrial sectors, such as Bernard Fils-Aime, part-owner of telecommunications company Voila, and Ricky Hicks, owner of Haitian-American tobacco company Comme Il Faut, welcome the minimum wage increase and stated that their companies already pay wages above that proposed in the bill. Sassine told Econ/Poloff that textile sector wages make up more than fifty percent of factory costs, whereas wages in the commercial and local industry sectors represent an average of twelve percent.

¶5. (SBU) Preval's proposed modifications can be rejected by Parliament. If Preval returns the bill on June 17 or 18, the Chamber of Deputies would be able to examine his proposal on June 23. HOPE Commission member Lionel Delatour told Econ/Poloff that the worst case scenario is that Parliament returns the original bill unchanged to the President for

signature. Delatour predicts that there is a less than 15 percent chance that this would happen. Although a prospective compromise was brokered between the President and members of Parliament (including bill sponsor Deputy Steven Benoit), Benoit's public criticism of Preval's decision continues, and Benoit is adamant that the HTG 200 per day be applied to both the commercial and industrial sectors -- including the textile industry. Senate President Kely Bastien told the press on June 17 that the opinions of the Parliamentarians who met with Preval should not be interpreted as representative of the entire body. Therefore, Preval should not assume that his decision represents a compromise with Parliament as a whole.

16. (C) Comment: Preval's proposed compromise on the minimum wage appears to be acceptable to the textile sector. Recent statements by some members of Parliament, however, may portend a rancorous debate on the issue if and when it comes back to them for amendment. Students continue to demonstrate-- sometimes peacefully, sometimes not-- for an increase in the minimum wage and its application to all sectors, including the textile industry. Parliament's inconsistent and after-the-fact dialogue with Preval and members of the private sector has only added to the confusion. Because negotiations have been conducted with select Parliamentarians and behind closed doors, it is unclear whether they represent the majority view or are waffling on the issue perhaps to appease Preval and/or industry. Nobody knows for sure how the Chamber of Deputies, which gets the first crack, will respond to Preval's suggestions.

TIGHE